

Message Text

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47

ACTION EUR-25

INFO OCT-01 IO-12 ADP-00 EURE-00 SSO-00 NSCE-00 USIE-00

CCO-00 INRE-00 NEA-10 AID-20 CEA-02 CIAE-00 COME-00

EB-11 FRB-02 INR-09 NSAE-00 RSC-01 CIEP-02 STR-08

TRSE-00 LAB-06 SIL-01 SAL-01 OMB-01 L-03 SS-14 NSC-10

PA-03 PRS-01 AGR-20 TAR-02 RSR-01 /166 W

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O R 131725 Z MAR 73

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC IMMEDIATE 4859

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS UNN

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION GENEVA

USMISSION OECD PARIS UNN

C O N F I D E N T I A L EC BRUSSELS 1344

E. O. 11652: GDS

TAGS: ETRD, EEC, WG, US

SUBJ: EC MEDITERRANEAN POLICY - MARCH 21-22 -
US/ EC CONSULTATIONS

REFS A. BONN 3604 (NOTAL)

B. EC BRUSSELS 1199

C. EC BRUSSELS 1239

D. EC BRUSSELS 1182 (NOTAL)

1. SUMMARY. WE WISH TO ENDORSE THE GENERAL APPROACH TO
THE MEDITERRANEAN PREFERENCE ISSUE OUTLINED IN PARAS ONE
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THROUGH FIVE OF BONN'S 3604. AS THE MISSION HAS FREQUENTLY REPORTED, WE BELIEVE THAT TO HAVE A MAXIMUM CONSTRUCTIVE IMPACT, THE US POSITION MUST DEAL WITH EUROPEAN PREOCCUPATIONS ON TWO MAIN POINTS: (A) MARKETING OPPORTUNITIES IN THE ENLARGED COMMUNITY FOR THE MAIN EXPORTS OF MEDITERRANEAN LDCS; AND (B) GATTABILITY. IN EUROPEAN EYES BOTH THESE POINTS ARE SUBSUMED UNDER THE RUBRIC OF SPECIAL PREFERENCES OR " ONE- WAY FREE TRADE AREAS." ON TACTICAL GROUNDS, HOWEVER, WE RECOMMEND AGAINST LINKING THE QUESTION OF TIED AID WITH THE PREFERENCE PROBLEM. END SUMMARY.

2. EMBASSY VONN'S MESSAGE OUTLINES A PRACTICAL APPROACH THAT COULD HELP SUBSTANTIALLY IN PROTECTING US INTERESTS WHILE UNDERCUTTING THE POSITION OF THOSE -- PRIMARILY THE FRENCH -- WHO FAVOR REVERSE PREFERENCES. THERE IS ONE CAVEAT, HOWEVER. THE EC COMMISSION AND THE MEMBER STATES WOULD WANT A CLEAR UNDERSTANDING THAT A US RESERVATION OF GATT RIGHTS AND POSSIBLE CLAIMS FOR TRADE DAMAGE WOULD NOT OPERATE, IN TERMS OF SCOPE OF TIMING, SO AS TO CONSTITUTE AN IMMEDIATE AND OVER- ALL ATTACK ON THE TRANSITIONAL CONTINUATION OF SPECIAL PREFERENCES. MANY EC OFFICIALS RECOGNIZE, AS DO OFFICIALS IN BONN, THAT THE ULTIMATE ANSWER IS THE EROSION OF THE DISCRIMINATORY ELEMENTS OF EC/ LDC ARRANGEMENTS IN BOTH DIRECTION. BUT THIS WILL CLEARLY TAKE TIME. AND FOR POLITICAL REASONS VIS- A- VIS THE LDCS, THE PHASING OUT OF DIFFERENTIAL PREFERENTIAL ACCESS TO THE EC WILL HAVE TO BE DONE BY DOWNWARD MOVEMENT OF EC TARIFFS AND OTHER TRADE RESTRICTIONS -- EITHER THROUGH EXTENSION OF GENERALIZED PREFERENCES OR LOWERING OF TARIFFS ON A MFN BASIS. IN THE INTERIM, WE WOULD HAVE TO TOLERATE SOME FORM OF ONE- WAY FREE OR PREFERENTIAL TRADE.

3. AS INDICATED IN REFTEL D, THE AGENDA FOR THE MARCH 21-22 SOAMES/ CASEY TALKS WILL PROVIDE AN OPPORTUNITY FOR US COMMENTS ON DEVELOPMENT POLICY INCLUDING TIED AID. WE DOUBT SERIOUSLY, HOWEVER, THAT CRITICISM OF THE PROPOSED EC AID PROGRAMS IN THE MEDITERRANEAN(REFTEL A, PARA SIX) WOULD SERVE US INTERESTS AT THIS TIME. THIS SEEMS TO US SEPARABLE FROM THE PREFERENCE ISSUE. OUR MAIN CONCERN IS TACTICAL. IF NOT HANDLED CAREFULLY, WE FEAR THAT DISCUSSION

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OF THE TIED AID QUESTION MIGHT BE PORTRAYED AS A US " ATTACK"

ON EC COOPERATION POLICY WHICH WOULD GIVE THE FRENCH OR
OTHERS AMMUNITION FOR THEIR ARGUMENT THAT THE REAL US
TARGET IS THE EC' S OVERAL POLICY OF CLOSE LINKS WITH
MEDITERRANEAN AND AFRICAN LDCS -- NOT JUST THE PREFERENCE
ASPECT. AS WE UNDERSTAND BONN' S MESSAGE, THIS IS THE KIND
OF PROBLEM THE GERMANS ARE ASKING US TO HELP OVERCOME.
GREENWALD

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*** Current Classification *** CONFIDENTIAL

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TAGS: ETRD, US, EEC
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LONDON

LUXEMBOURG

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